

MINUTES

**Audit and Risk Committee Meeting
held via Microsoft Teams
Monday 19th June 2023 at 18:00**

Date and timings: 18:00 to 20:19

Location via Microsoft Teams

Present (Governors): Louise Parr-Morley (LPM) Chair
Sue Leonard (SL)
Rick Olver (RO)
Linda Everard (LE) Co-opted Governor

Clerk to the Corporation Lana Jackman

In attendance Denise Brown (DB) CEO and Principal
Elizabeth Sipiery (ES) Corporation Chair
Suzanne Goldsmith (SG) Price Bailey
Paul Goddard (PG) Scrutton Bland
David Hughes (DH) Chief Operating Officer
Adam Fahey (AF) Deputy Principal

Apologies Roland Anderson (RA)

Quorum (4)

Item

Action lead

0. Agenda

P1. Preliminary items.

P1.1 Apologies for Absence.

Apologies were received and accepted from Roland Anderson.

P1.2 Declarations of Interest.

There were no other new declarations of interest other than those already standing *(in accordance with the requirements of section 177 of the Companies Act 2006)*.

P1.3 Committee Membership.

Discussion deferred.

P1.4 Urgent items of other business.

There was no other urgent business notified in advance.

P2. Minutes of previous meeting.

P2.1 Minutes of the meeting held on 13th March 2023.

The Minutes of the meeting held on 13th March 2023 were **APPROVED** as an accurate reflection of the meeting.

P2.2 Matters Arising.

There were no outstanding matters arising from these Minutes that were not discussed elsewhere on the agenda.

The following amendments were made to the action points:

Action point 3.6- Amended 'ToR will be reviewed by the Governance and Remuneration Committee' and not Audit and Risk Committee.

Action point 9.1 and 9.2- to be added as resolved.

P2.3 Confidential minutes of the meeting 13th March 2023.

The confidential minutes of the meeting held on 13th March 2023 were **APPROVED** as an accurate reflection of the meeting.

P3 Terms of Reference.

P3.1 Committee to review Terms of Reference (ToRs).

The Terms of Reference presented to the Committee were **APPROVED** for the academic year 2023/2024, noting that this work needs to continue moving forward with the assistance of DH including a framework (with a draft in September). The content of the ToRs was revised in accordance with regulations. ES commented that the ToR need to be presented to Governance and Resources Committee to approve within an overarching framework that ensures all SECG Governance ToRs remain concise with a supporting work programme that provided the wider context depth.

P3.2 Summary Report and Appendix.

The Committee reviewed LE's paper noting that the work programme and the flow from the Terms of Reference need improvement to ensure that they are sharper to improve impact, clarity of purpose for each committee and facilitate the College Leadership team and the Governance structure being held more accountable.

The Committee agreed with the sentiments of this paper.

P3.3 Work Programme.

The Work Programme presented to the Committee was **DEFERRED** for the academic year 2023/2024 due to the appointment of the new Chief Operating Officer to ensure better linkage and triangulation with the Risk Register and the other Committee meetings. LE noted that she had a template that would aid with the work programme.

ACTION The Committee also agreed that information items should be added to the agenda to give additional assurance.

ACTION DH and LJ to review this document, organise an interim meeting to draft a work plan to ensure that a work plan will be ready for September.

DB noted that a revised suite of ToRs, Work Plan and BAF will aid with clarifying the GRC remit compared to the remit required from ARC.

P4 Internal Audit- Scrutton Bland.

P4.1 The Committee reviewed in detail the Internal Audit visit reports for:

High Value Procurement.

The Committee noted this report which has reasonable assurance- highlighted the recommendation around active compliance and evidence basis. PG confirmed that the system used for this Procurement is good however, the compliance with the system is an issue.

DB commented that due to the staff turnover at SECG and the process and procedures for the partners with ESS, the report might not be reflective of all the issues faced by SECG. DB noted that the information needs to flow up to the Executive Board to ensure that High Value contracts were not procured outside of the agreed process/regulations mentioned in the audit report.

The Committee recommended that a report listing tender/quote waivers needs to come to ARC twice a year (adding into the work plan).

DH noted that training and guidance was being actioned and that SEC had 10 tender waiver forms from Jan 22-March 23, a number were for areas where exceptions were justified, such as specialist equipment for the IoT.

OfS.

The Committee noted this report which has reasonable assurance- this report was to be reviewed in detail at the HE Committee.

The Committee recommended that a schedule of OfS returns comes to November Audit Committee.

P4.2 Internal Audit Plan 2023-2024.

The Committee reviewed and **APPROVED** the Internal Audit Plan 2023-2024 noting that there may be some flexibility in the plan. PG noted the Executive Board active engagement with the plan and would give enough assurance for a full external Audit Board report.

ACTION audits that include elements of fraud risk be highlighted in the Internal Audit Plan.

DH noted that the audits will be beneficial to the College and the Committee.

P5 Corporate Risk Management

The Committee considered in detail and in particular the following matters were discussed.

It was noted:

- i. *Risk register, Assurance Mapping and Dartboard.*
DH gave an update noting that Staff Recruitment was becoming an increasing risk and concern.
 - The Committee agreed that the COVID risk to be removed.
 - Cyber Fraud to stay on the risk register but at a reduced level due to SEC acquiring Cyber Essentials+
 - Staff Recruitment- now is a red risk.
- ii. *Committee oversight of risk and feedback.*

LE felt that this report needed to be reviewed as it wasn't robust enough. LJ confirmed that the report was in the process of being reviewed to ensure that Committee oversight and feedback was reported on in a more meaningful and impactful manner.

P6 Financial Statements Year End 31 July 2022- Price Bailey

The Committee reviewed and **APPROVED IN PRINCIPLE** the Financial Statements Year End 31 July 2022 as presented noting that these were not the final version.

ACTION ARC to meet in advance of Corporation Board once a more updated version of the Financial Statements were received to give a recommendation to the meeting.

P6.1 Review of going concern.

DH presented this report noting the work that had been done with Price Bailey that reviewed the current position noting that these will be completed by 31st July with the loan being agreed and money to be received by 19th July.

SG added additional context including the right of balances and process. SG noted by 10th July there will be an updated Management Letter, post balance sheet and update on the Management Letter December. SG noted that the final sign off cannot be completed until 19th July.

ACTION LPM noted the need for an additional meeting of the Chairs before July 31st 2023 to give final sign off the Financial Statements covering anything that Price Bailey cannot deliver by 10th July.

P6.2 Review of post balance sheet events.

Covered in item P6.1.

P6.3 Management Letter of Representation update.

DH confirmed to the Committee that SEC is still awaiting the Management Letter of Representation update. This will be circulated by the Clerk as soon as it becomes available.

ACTION the concerns in the management letter which also needed to be embedded into the Audit and Risk Committee agenda.

P7 Audit recommendations monitoring report.

The clarification of non-green assurance issues were noted.

LPM noted the need to close off the older assurance issues. DH responded that some of the Payroll and HR issues will be unable to be completely resolved until the College has an updated system which will take some time to complete (all other risk mitigation for this area have been actioned). LPM noted that if this was the case that the recommendation would be to close out the action but to add a new green open risk with an extended date at a point where the College will be looking to procure a new PayRoll system.

The Committee asked about the assurances and action plans for the service level areas actively address the audit concerns. PG noted that this was reviewed as part of the external audit process in the follow up reports.

P8 Regulatory Compliance.

P8.1 AoC Code of Good Governance.

The 6 Principles in the AoC Code of Good Governance were reviewed and it was noted that the new document would not be published until the end of June and therefore fully considered at the September Audit and Risk Committee meeting, with the additional updates due in September. It was agreed that the 6 Principles within the new Code would be added to the workplan (added into action P3.3) to be approved by the Corporation Board following discussion.

P8.2 Post 16 Audit Code of Practice.

LJ presented the Post 16 Audit Code of Practice for information to the committee.

P9 Committee Evaluation.

The Committee had a robust conversation about the history of the Committee and frustrations around the effectiveness of the scrutiny the Committee has had- however it was agreed that this meeting was a vast improvement.

The Committee agreed that this meeting had gone well, it was Chaired well and RO and SL noted that they have additional development needs to aid with their engagement with the Committee. LE noted a full induction to Audit Committee was important.

LJ gave an update noting the lack of support and basic Governance structure in place upon her appointment but added that there was a willingness to move forward with excellence.

P10 Urgent other business.

No urgent other business was presented to the Committee.

P11 Dates of future meetings.

19th September 2023 18:00- Venue TBC
28th November 2023 17:30- MS Teams
12th March 2024 18:00- MS Teams
18th June 2024- MS Teams

There being no further business the meeting ended at 20:19 hrs

Signed.....Dated.....

Meeting of the Audit and Risk Committee Meeting

Matters Arising and actions from previous meetings.

Actions to be confirmed ongoing/completed

Actions confirmed completed will be removed from the table.

Item	Actions	Deadline	Lead	Status
Actions from 20 June 2023				

P3.2	Concerns raised in the management letter need to be embedded into the Audit and Risk Committee agenda.	September 2023	LJ	
P3.3	The Committee agreed that information items should be added to the agenda to give additional assurance.	September 2023	LJ/Exec Board	
P3.3	DH and LJ to review the work programme document and organise an interim meeting on the work plan to sure that it will be ready for September. This should reflect on the AoC Code for Good Governance.	July 2023	DH/LJ	
P4.1	The Committee recommended that a waiver report needs to come to ARC twice a year (this needs to be added into the work plan).	September 2023	DH/LJ	
P4.2	The Committee recommended that a schedule of OfS returns comes to November Audit Committee.	November 2023	LJ	
P4.2	Audits that include elements of fraud risk be highlighted in the Internal Audit Plan.	September 2023	PG/DH	
P5.1	The following edits were agreed to the Risk Register: -The Committee agreed that the COVID risk to be removed. -Cyber Essentials- to stay on the risk register but at a reduced level due to SEC acquiring Cyber Essentials+ -Staff Recruitment- now is a red risk.	September 2023	DH	
P6	ARC to meet in advance of Corporation Board once a more updated version of the Financial Statements are received to give a recommendation to the meeting.	July 2023	LJ	
P6	Additional meeting of the Chairs to give final sign off the Financial Statements covering anything that Price Bailey cannot deliver by 10 th July.	July 2023	LJ	
P7	DH to review the historic Audit actions are review if all risks mitigations have been put in place and were a large capital investment needs to be installed to completely resolve the action the action will be marked complete with an extended deadline indicating an estimated timescale for procurement.	September 2023	DH	

ⁱ The code of conduct for Governors requires governors to be honest and open with regard to conflicts of interest (either real or perceived). Governors must not use their position for personal gain in business, political or social relationships. Therefore, a governor who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.